

First Quarterly Report 31 March 2001

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Under the Project
Assistance a la Dynamisation de l' Agribusiness au Rwanda (ADAR)

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For

USAID Rwanda

CTO Steve Giddings
30 April 2001

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Please see my few comments (in blue and underlined) in body of the text. A couple of general comments:

- Add a section on expectations for the next quarter. A sort of "what's ahead" section.
- Add a section on deliverables, what has been delivered, what is still outstanding, and when it will be delivered. Might do this as a small table, with some short narrative explanation underneath it.
- Please give us a tad more notice in the future. Like you, we too are busy and it is hard to drop everything to comment on this by COB.
- You might consider developing a standard report cover. Look at what IDEA uses. It is a cover page with the logo, project name, a statement saying it is a USAID funded project, and the contract number. It has a hole cut out of it through which the document title can appear. The title page sits behind this report cover. What it means is that all of IDEA's reports technical, admin, or otherwise have a the same look.
- Might consider a section or annex that list reports submitted during the quarter.

I PROJECT LAUNCHING

A. Preparations

The Chemonics team assembled in Washington D.C. in mid – December to begin mapping out project implementation strategy. Foremost in this effort was to identify the Project Intermediate Results (PIR's) that would most effectively fulfill Strategic Objective 3 (SO.3 / IR.2) of USAID Rwanda. This facilitated logically connecting the array of events that would come to constitute the results framework for the project.

This effort is now being formalized in the form of a first year Project Work Plan and a Monitoring and Evaluation System for ADAR now nearing completion. Year two and year three ADAR work plans will retain the identical Impact and Performance Indicators so as to facilitate monitoring the continuity of future activities, tasks and milestones.

B. Meetings

Business Development requires early and frequent contact with likely partners, clients, and policy makers. ADAR interviewed potential partners and future stakeholders to take the pulse of the investment and business community and to help ADAR sketch detail into the first year work plan. ADAR's baseline approach has consisted of individual interviews, focus groups, and questionnaires.

We observed that potential investors with skills and some resources wish to start up business, but need technical input to clear the path. For ADAR, these meetings reinforced the strategy to focus on improving enterprise planning and operating performance, their access to markets and their access to finance. These three represent the most critical areas for immediate action. The meetings also underscored indirectly the need to collaborate with other donor-funded programs to maximize impact while carefully controlling allocation of ADAR's project resources. A list of initial contacts for the period ended 31 March 2001 is attached as Annex I.

C. Investors Focus Group

This project seeks to identify very quickly the serious agribusiness operators, starting with those who have already put capital to risk in search of profit. The private sector agribusiness operator(s) on whose skill, dynamism, and risk-taking the project depends, must get full attention and support from the very beginning.

With this in mind, ADAR organized within three weeks of arriving in country late January 2001, an investors focus group attended by the USAID TCO. Key problems identified by the 17-member group included air transportation, financing, and the problematic infrastructure---all of which raise uncertainty and risk for the investor. They

have no strategy to access financing either from lenders or other investors, mainly because they have not systematically diagnosed and addressed internal operating risk.

Also, as a follow up step ADAR did a simple baseline survey (Annex 2) of average unutilized air cargo capacity leaving Kigali and directly, or potentially, on to a European market. This figure totaled approximately 20 metric tons a month, one-tenth the minimum needed to attract an air cargo carrier or to service regularly an export market. This unutilized capacity moreover, was spread out among five passenger airlines.

This paragraph isn't quite clear. If I follow correctly, how about: To attract a dedicated, weekly scheduled air cargo carrier requires 200 mt of cargo. Currently exporters are shipping on average xx tons per week.

D. 2001 Plan Workshop

To assess stakeholder impressions, ADAR held a workshop attended by a diverse 22-member group of business operators, government cadre and consultants, to review within the context of three year milestones, the particular activities highlighted for the first year work plan. When did this take place? The group initially expected ADAR to focus on upgrading agricultural production, but accepted ADAR's support for market – driven production as part of a continuous quality- for- export cycle reinforcing an entire commodity chain.

The group cited that the dairy / livestock sector was not included in the year one plan, but could not challenge the ADAR Design Phase observation that this sector posed tough questions: market too weak, capital start up costs too high, alternative suppliers too abundant. On the whole, the group did not so much challenge the work plan or suggest alternatives as much as add detail in the form of activities and tasks. No underlying impact or performance indicators outlined in the work plan were questioned. Two USAID representatives participated in the event.

The workshop served its purpose in validating ADAR assumptions while at the same time taking into account client and partner impressions.

E. Questionnaires

ADAR prepared a series of questionnaires destined for investors, lenders, and agribusiness in general. Investor (focus group) and bank questionnaires have already been put to use ---to date five out of eight banks have sent back their questionnaires. Questions for investor or lender have the same purpose: to evaluate the current state and what inducements they need in order to commit more resources to agribusiness.

A questionnaires destined for agribusiness operators will undergo a final revision in the next quarter before being introduced. It will among other things source out key baseline information from clients needed for some of ADAR's performance and impact indicators. The completed questionnaire will be required of all ADAR clients. A sample of various questionnaires is included as Annex 3.

F. Project Launching

ADAR with active Chemonics home office support from visiting consultants Don Brown and William Kedrock hosted the ADAR project launch at Rwanda's major commercial bank's assembly hall in central Kigali on March 9, 2001. Attendance totaled 68 (of which six from USAID and Chemonics). The event was fairly accurately reported in the New Times bi-weekly. (Annex 4). Fifty-four attendees remained for the late morning discussion group sessions and up to closure at 13:30. Nine participants returned that afternoon to discuss what assistance ADAR through the Agribusiness Center might offer in connection with their particular business activities.

The group composition attending the March 9 launch as well as the Investor Focus Group and the pre-launch Workshop are given in matrix form in Annex 5.

II TRAVEL

A. IDEA Project / Uganda

The DCOP studied the IDEA Project in Uganda for three days (March 13-16) to ascertain which elements could apply to the ADAR project. Special attention focused on how IDEA's Agribusiness Development Center functions and on which IDEA activities have proven effective. In addition to learning potential information sources to help equip ADAR's Agribusiness Center, we picked up several pointers of note:

- Focus on fewer commodities so as to allow greater in depth coverage of an individual commodity chain to position targeted products for export.
- Get potential buyers to visit Rwanda rather than send clients to trade fairs
- Help farmers prepare business plans
- Do not over invest resources in maintaining a web site

A summary of issues and activities is presented in Annex 6.

B. Ruhengeri- Potatoes

The Chief of Party and Senior Technical Cadre visited Ruhengeri Prefecture to officially introduce ADAR and discuss key areas of concern in the Ruhengeri area for which ADAR would have most immediate and beneficial impact. Without hesitation the Sous Prefet for Economic Affairs highlighted the weak earning power of potato growers, which we traced foremost (from an agribusiness perspective) to their having no influence on the commercialization of their product. No grower distribution network exists, not even for Kigali, which is 60% of their market.

As a first step we proposed an initial meeting between potato growers and bulk buyers to get acquainted. The Prefecture agreed to organize a contingent of producer association representatives and ADAR to round up and transport representative buyers from Kigali and neighboring prefectures in order to meet the following month in Ruhengeri.

C. Gisenyi – Coffee

The Chief of Party and Senior Technical Cadre visited Gisenyi Prefecture to communicate ADAR's role and special interest in revitalizing the coffee sector to enable coffee to capitalize on the international market premium offered to fine-processed, full washed Arabica varieties. Special attention also focused on the core problems afflicting the local coffee washing station. It processed 18 tons of full-washed coffee during all of calendar year 2000 despite its capacity of 600 tons annually.

To underscore the priority this sector holds, ADAR took this opportunity while in Gisenyi to program a subsequent visit for later in March by ADAR's DCOP, Senior Technical Cadre, and by a visiting specialist in coffee all basically to initiate a high value coffee program for the Gisenyi region. During their 1 ½ day tour there they

- Introduced project concepts to 48 coffee grower association representatives, coffee investors, and local government cadre, including a presentation on the coffee marketing chain by the visiting consultant
- Inspected three coffee washing sites, including the one station in operation, as well as sites in Kayove (sector Rugamba) and potentially in Nyamyumba
- Identified one serious investor group likely to invest in a new washing facility.
- Conducted as much as possible all meetings in Kinyarwanda or with translation where needed

Plans for immediate follow up were also laid during this productive visit.

D. Kibuye – Coffee

The optimal growing conditions for coffee in Rwanda are found along Lake Kivu on the Western border. For this reasons the COP and STC went there to meet the Prefet of Kibuye and to give an overview of ADAR. They made arrangements for a full program, similar to that in Gisenyi described above, to be conducted by the DCOP, STC and consultant traveling there in late March. Key features during their Kibuye tour included

- Full presentation of ADAR to 58 participants
- Overview of marketing chain for fine coffee
- Inspection of one plantation and suitability of two sites for a coffee washing station
- Identification of dynamic entrepreneur and investor group seeking to invest
- Encouragement of the Ethiopian POP variety of coffee over Catura which comes from South America and does not do well in Rwanda after the first two years

The Kibuye Prefet stressed the need for orientation and direction among growers in bringing the region up to its potential in coffee. Immediate follow up will likely include training for motivated operators.

There is no mention of the SCAA conference. I know it actually occurred during the second quarter, but a good deal of prep work (selecting participants, itineraries, etc.) took place during the reporting period. Might want to mention this.

E. Consultants

Schedules of visiting technical consultants through March 31 are given in Annex 7. In addition to coffee, ADAR seeks to identify business potential for horticultural produce such as passion fruit, physalis, bananas, etc., to include inedible products like papyrus or pyrethrum. Both technical consultants, however, stressed the total dependence of advancing the perishable horticultural sector on the availability of reliable airfreight transportation. Consequently, they regretted to see that this availability had deteriorated sharply in December 2000 when Sabena stopped flying MD-11 aircraft into Kigali in favor of returning to the Airbus 330 model, which carries significantly less freight.

As the quarter ended, the entire ADAR technical team was on call with its visiting consultants contacting diverse operators to identify units with the most potential in terms of product and management to evolve into serious agribusiness enterprises. In addition, the entire ADAR team in Kigali and Washington were busy making arrangements for Rwandan participation in the Specialty Coffee Conference in Miami April 18 – 23.

III. ADMINISTRATION

A. Office

The ADAR team moved into renovated office facilities during the first week in April, having used up until that time a wing of the same office complex now awaiting its own renovation. Upon completion, this wing will house the Agribusiness Center and the Center's dedicated training room. Equipment procurement and hook up for both the ADAR staff offices and the Agribusiness Center facilities, furnishings and materials, plus water, electricity, parking and access enhancements are all on order, being installed, or scheduled for completion by mid-May, 2001.

B. Materials

We are also assessing staffing and material needs that would extend over the duration of the project. Three major items are currently under procurement orders: a third project vehicle, 10 computers and 4 printers, and an electric generator sufficient for ADAR offices and the Agribusiness Center operations. The vehicle, computers, printers, and generator are all due to arrive in Kigali during the first week in May.

C. Staff

The basic support staff is in place. We are in the process of assessing our long-term staffing needs. Our current support staff consists of four guards, two drivers, one janitor, one secretary, one accountant, and one administrative assistant. During the first week of May we will also be interviewing and hopefully hiring a receptionist. The current assistant administrator is being trained to replace the Operations Manager, Joe Le Clair, in January 2002.

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The project calls for three full time technical cadre. The senior technical cadre is in place. ADAR prepared and placed ads for the two technical support cadre who would focus respectively in commodity chain matters and in agribusiness access to finance.